

105TH CONGRESS  
2D SESSION

# H. R. 3664

To provide crop insurance coverage for tobacco crops, to provide extension services related to tobacco, and to provide for the administration of the Federal tobacco price support and quota programs at no expense to the Department of Agriculture.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 1998

Mr. LEWIS of Kentucky (for himself, Mr. BUNNING of Kentucky, Mr. WHITFIELD, Mr. CHAMBLISS, and Mr. ROGERS) introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To provide crop insurance coverage for tobacco crops, to provide extension services related to tobacco, and to provide for the administration of the Federal tobacco price support and quota programs at no expense to the Department of Agriculture.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Tobacco Program Ad-  
5       ministrative Reform Act of 1998”.

1 **SEC. 2. ASSESSMENT UPON TOBACCO PRODUCT MANUFAC-**  
2 **TURERS AND IMPORTERS TO COVER DEPART-**  
3 **MENT OF AGRICULTURE COSTS ASSOCIATED**  
4 **WITH TOBACCO PROGRAMS.**

5 (a) COVERED DEPARTMENT COSTS.—Not later than  
6 September 30 of each fiscal year, the Secretary of Agri-  
7 culture shall estimate the costs to be incurred by the De-  
8 partment of Agriculture during the next fiscal year—

9 (1) to administer the tobacco quota program  
10 under subtitle B of title III of the Agricultural Ad-  
11 justment Act of 1938 (7 U.S.C. 1311 et seq.);

12 (2) to administer the tobacco price support pro-  
13 gram under sections 106, 106A, and 106B of the  
14 Agricultural Act of 1949 (7 U.S.C. 1445, 1445–1,  
15 1445–2);

16 (3) to carrying out crop insurance programs for  
17 tobacco, including the costs to be incurred by the  
18 Federal Crop Insurance Corporation under section  
19 508(e) of the Federal Crop Insurance Act (7 U.S.C.  
20 1508(e)) to pay the premium for catastrophic risk  
21 protection for tobacco crops and the Federal portion  
22 of the premium for various additional coverages  
23 available for tobacco crops; and

24 (4) to extension services related to tobacco pro-  
25 duction and marketing.

1 (b) ADJUSTMENT OF ESTIMATE.—If the estimate  
2 prepared for a fiscal year under subsection (a) proves to  
3 be insufficient to cover the actual costs described in such  
4 subsection that were incurred by the Department during  
5 that fiscal year, the Secretary shall adjust the estimate  
6 for the next fiscal year to recoup the additional costs in-  
7 curred by Department and paid out of Department funds.

8 (c) MARKET SHARE AND ASSESSMENT DETERMINA-  
9 TIONS.—As soon as possible after preparing the estimate  
10 for a fiscal year under subsection (a), the Secretary shall  
11 determine the market share of each tobacco product man-  
12 ufacturer and each tobacco product importer during the  
13 most recent calendar year and the amount of the assess-  
14 ment payable by the tobacco product manufacturer or to-  
15 bacco product importer for that fiscal year.

16 (d) INDIVIDUAL AMOUNT OF ASSESSMENTS.—The  
17 amount of an assessment payable by each tobacco product  
18 manufacturer and tobacco product importer under this  
19 section for a fiscal year shall be equal to the product ob-  
20 tained by multiplying—

21 (1) the total amount of costs estimated by the  
22 Secretary under subsection (a), as adjusted under  
23 subsection (b), for that fiscal year; by

24 (2) the market share of the tobacco product  
25 manufacturer or tobacco product importer during

1 the most recent calendar year determined under sub-  
2 section (d).

3 (e) COLLECTION, DEPOSIT, AND AVAILABILITY OF  
4 ASSESSMENTS.—

5 (1) COLLECTION.—At such time each fiscal  
6 year and in such manner as the Secretary may pre-  
7 scribe, each tobacco product manufacturer and to-  
8 bacco product importer shall remit to the Secretary  
9 a nonrefundable assessment in the amount deter-  
10 mined for that tobacco product manufacturer or to-  
11 bacco product importer for that year under sub-  
12 section (d). The Secretary may enforce the collection  
13 of assessments under this paragraph in the courts of  
14 the United States.

15 (2) TOBACCO ASSESSMENT FUND.—There is es-  
16 tablished in the Treasury of the United States a  
17 fund to be known as the “Tobacco Assessment  
18 Fund”, which shall consist of all assessments col-  
19 lected under paragraph (1).

20 (3) AUTHORIZED USES OF FUND.—Amounts in  
21 the Tobacco Assessment Fund shall be available to  
22 the Secretary, without further appropriation, to  
23 cover the Department costs described in subsection  
24 (a).

1           (4) REFUNDS.—If the Secretary determines  
2           that amounts collected under paragraph (1) for a  
3           fiscal year and deposited in the Tobacco Assessment  
4           Fund exceed the amounts required to cover antici-  
5           pated Department costs under subsection (a) for  
6           that fiscal year, plus a reasonable reserve, the Sec-  
7           retary shall refund the excess amounts to tobacco  
8           product manufacturers and tobacco product import-  
9           ers using the same proportion for each tobacco prod-  
10          uct manufacturer and tobacco product importer as  
11          used in the original assessment.

12          (f) EFFECT ON CROP INSURANCE PREMIUMS; EXIST-  
13          ING ASSESSMENTS.—(1) Amounts made available to the  
14          Secretary under this section may not be used to change  
15          the crop insurance premiums assessed to tobacco produc-  
16          ers under the Federal Crop Insurance Act (7 U.S.C. 1501  
17          et seq.) relative to other crops.

18          (2) Nothing in this section shall be construed to alter  
19          the assessments imposed and collected—

20                  (A) for deficit reduction purposes under section  
21                  106(g) of the Agricultural Act of 1949 (7 U.S.C.  
22                  1445(g)); or

23                  (B) to finance operations of No Net Cost To-  
24          bacco Funds under section 106A of such Act (7

1 U.S.C. 1445–1) and No Net Cost Tobacco Accounts  
2 under section 106B of such Act (7 U.S.C. 1445–2).

3 (g) DEFINITIONS.—For purposes of this section:

4 (1) TOBACCO PRODUCT IMPORTER.—The term  
5 “tobacco product importer” has the meaning given  
6 the term “importer” in section 5702 of the Internal  
7 Revenue Code of 1986 (26 U.S.C. 5702).

8 (2) TOBACCO PRODUCT MANUFACTURER.—The  
9 term “tobacco product manufacturer” has the mean-  
10 ing given the term “manufacturer of tobacco prod-  
11 ucts” in section 5702 of the Internal Revenue Code  
12 of 1986 (26 U.S.C. 5702); except that the term does  
13 not include a person that only manufactures cigars  
14 or pipe tobacco.

15 (3) MARKET SHARE.—The term “market  
16 share” means the ratio of—

17 (A) the tax liability of a tobacco product  
18 manufacturer or tobacco product importer for a  
19 calendar year under section 5703 of the Inter-  
20 nal Revenue Code of 1986 (26 U.S.C. 5703); to

21 (B) the tax liability of all tobacco product  
22 manufacturers and tobacco product importers  
23 for that calendar year under such section.

24 (4) SECRETARY.—The term “Secretary” means  
25 the Secretary of Agriculture.

- 1           (5) DEPARTMENT.—The term “Department”  
2       means the Department of Agriculture.

